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**ALLTEL**

DOCKET FILE COPY ORIGINAL

August 14, 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

RECEIVED  
AUG 14 1997  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: MCI Telecommunications Corporation  
Billing and Collection Services Provided By  
Local Exchange Carriers for Non-Subscribed  
Interexchange Services - Rulemaking 9108

Dear Mr. Caton:

Enclosed for filing on behalf of ALLTEL Telephone Services Corporation, ("ALLTEL") please find an original and four (4) copies of the Reply Comments in connection with the above-referenced matter.

In response to the Commission's Public Notice DA 97-1328, dated June 25, 1997, I am submitting ALLTEL's Reply Comments on a 3.5 inch diskette formatted in an IBM compatible form using MS-DOS 5.0 and WordPerfect 5.1 software, in "read-only mode" to the Darius B. Withers of the Common Carrier Bureau, Room 6120, 2025 M Street, N.W., Washington, D.C. 20554.

Please address any questions respecting this matter to the undersigned counsel.

Very truly yours,

*Carolyn C. Hill*

Carolyn C. Hill

CCH/ss  
Enclosures

cc: Darius B. Withers (Common Carrier Bureau)  
(w/diskette)  
International Transcription Services

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original

Before the  
FEDERAL COMMUNICATION COMMISSION  
Washington, D.C. 20554

FILED  
MAY 14 1997

In the Matter of )  
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MCI TELECOMMUNICATIONS )  
CORPORATION )  
 )  
Billing and Collection Services Provided )  
By Local Exchange Carriers for Non- )  
Subscribed Interexchange Services )

RM 9108

REPLY COMMENTS OF  
ALLTEL TELEPHONE SERVICES CORPORATION

ALLTEL Telephone Services Corporation, on behalf of its affiliated local telephone operating companies (collectively ALLTEL), hereby files its Reply Comments regarding the Petition for Rulemaking filed by MCI Telecommunications Corporation ("MCI") on May 19, 1997 in the above captioned proceeding.

STATEMENT OF INTEREST

ALLTEL has billing and collection contracts with seven interexchange carriers ("IXC"s) and nine clearing houses. The nine clearing houses, also called third party billers, allow up to 3,500 IXCs and other communication service providers without direct contracts with ALLTEL to submit charge records for billing on ALLTEL bills through the clearing house by use of a clearing house designated sub billing entity code.

MCI, by its own choice, does not use ALLTEL to bill its presubscribed ("PIC'd") customers. ALLTEL performance of billing and collection for MCI is

limited to the non-subscribed services mentioned in MCI's petition: collect, 10XXX, third-party, LEC "joint use" calling card, and 900 service calling.<sup>1</sup>

### **NO BASIS EXISTS FOR THE COMMENCEMENT OF A RULEMAKING**

Based on its review of the earlier filed comments, ALLTEL agrees with Cincinnati Bell Telephone Company ("CBT"), SBC Communications ("SBC"), Southern New England Telephone Company ("SNET"), US West, Ameritech, Bell Atlantic/NYNEX, and BellSouth Corporation that no legal or factual basis has been established for the institution of a rulemaking proceeding to consider a nondiscrimination rule applicable to the provision of billing and collection services by LECs to providers of non-subscribed services. As noted by CBT and others, the Commission has previously issued rulings in both the Detariffing and the BNA proceedings relating to billing and collection services. In one instance, it deregulated billing and collection services, and in the other, it required LECs to provide the BNA, pursuant to tariff, of subscribers who use a calling card or authorize collect and third party calls to pay for a carrier's services so that IXCs can seek payment directly from the LEC customer. Events have not overtaken the holdings in those proceedings.<sup>2</sup> To the extent MCI is concerned about the "threats" of an ILEC with which it has a contractual dispute, the remedy is not and cannot be for the Commission to institute a rulemaking proceeding, but for MCI to file a complaint. In this regard, ALLTEL agrees with SBC's assessment that MCI's petition does not disclose "sufficient reasons

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<sup>1</sup> MCI Petition at p. 1.

<sup>2</sup> CBT Comments at pgs. 1-2, SNET Comments at pgs. 1-3, and Ameritech Opposition at p. 3.

in support of the action requested to justify the institution of a rulemaking proceeding” as required by Section 1.407 of the Commission’s Rules.<sup>3</sup> Accordingly, for these reasons and as further discussed herein, ALLTEL submits that MCI’s request should be denied.

### **ILECs HAVE A BUSINESS NEED TO PROTECT AGAINST ABUSES**

As the Commission is aware, billing and collection has been deregulated for the last ten years. ALLTEL’s experience, which appears consistent with that of SBC’s assessment, is that the collective costs of billing and collection for third party, collect, and 900 services are higher than in the PIC’d market.<sup>4</sup> This stems from higher costs associated with increased usage of personnel to respond to customer inquiries, instances of fraud, and additional treatment efforts required to investigate and to collect on behalf of IXC’s.

There are valid business reasons why an ILEC might not choose to provide billing and collection service or seek to change the terms of its billing and collection contract with a carrier. These business reasons are not related to whether the ILEC is or is not in competition with a carrier. These business reasons, instead, are related to the continued integrity of the ILEC’s business relationship with the customer and to the continued erosion of its revenues from billing and collection services when the process is abused, such as fraudulent billing submitted to the ILEC or the need for additional expenditures of resources associated with collection and treatment.

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<sup>3</sup> SBC Opposition at p. 1.

<sup>4</sup> Id at p. 5.

For ALLTEL, one of the principle business purposes of billing and collection contracts is protection against possible IXC or other non-subscribed service provider abuse of the ALLTEL bill. ALLTEL has experienced problems similar to those mentioned by CBT: inappropriate, incorrect, inaccurate and unlawful billing messages sent to ALLTEL for billing by carriers and information service providers.<sup>5</sup>

One example of abuse is information service calls billed unknowingly by ALLTEL as collect calls at \$4.95 per minute initiated by the ALLTEL customer dialing a 1-800 number. Because such charges appear on the ALLTEL bill, customers often associate ALLTEL with the abusing non-subscribed service provider. This association is well illustrated by a case where ALLTEL's end user customer named ALLTEL as a "coconspirator" with a clearing house in a lawsuit involving an 800 pay-per-call scheme which resulted in charges on the customer's ALLTEL bill. (ALLTEL's billing and collection contracts and policies, in fact, prohibit the billing of pay-per-call or information service charges initiated by 800 calls.) On a larger scale, some clearing houses have sent ALLTEL such a high level of misleading, unreasonable or unwarranted charges that ALLTEL's end user customers only paid for 50% or less of the charges billed by those clearing houses on ALLTEL's bills.

ALLTEL, similar to CBT,<sup>6</sup> has found it cannot rely on carriers and clearing houses to resolve customer complaints for abuses of the ILEC-IXC billing and collection relationship. ALLTEL has also found it cannot rely on IXCs and clearing houses to eliminate questionable or hard to collect charges from billing. ALLTEL

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<sup>5</sup> CBT Comments at p. 3.

<sup>6</sup> CBT Comments at p. 3.

therefore supports the right of ILECs to take appropriate actions to ensure carrier billing on ILEC bills meets reasonable customer service standards.

GTE has apparently initiated a program dealing with customer complaint levels associated with carrier billing.<sup>7</sup> One of the commenting parties, Hold Billing Services, Ltd., has questioned GTE's right to enforce its program.<sup>8</sup> Hold Billing Services feels the FCC and state regulatory bodies exert adequate policing of billing and collection complaints. ALLTEL suggests that, to the contrary, the FCC and state regulatory bodies expect ILECs to be actively involved in protecting customers from unreasonable billing practices. This is evidenced by the practice of the FCC and state commissions forwarding consumer complaints regarding IXC charges to ILECs. An example of the discretion granted LECs on billing issues can be found in the Commission's Rules with respect to interstate pay-per-call services: "A billing carrier is afforded discretion to set standards for determining when a subscriber's complaint warrants forgiveness, refund or credit of interstate pay-per-call or information services charges...."<sup>9</sup>

Moreover, with the Commission's action in 1986 to detariff billing and collection,<sup>10</sup> the tariff's former role in establishing ILEC and IXC duties with respect to billing and collection has devolved to negotiated billing and collection contracts. Important among billing and collection duties is employment of reasonable customer

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<sup>7</sup> FCC Public Forum on Local Exchange Carrier Billing for Other Businesses, June 24, 1997, Transcript at 122, lines 9-12.

<sup>8</sup> Hold Billing Services, Ltd. Comments at p. 7-8.

<sup>9</sup> 47 CFR § 64.1511.

service practices. ILECs have an important business interest in using the contract process to create and enforce such duties for IXCs who choose to bill charges on the ILEC bill.

### **RECOVERY OF HIGH COSTS FOR COLLECTION AND TREATMENT**

Another important business concern subsumed by billing and collection contracts is the management of high costs associated with billing non-subscribed services. As earlier discussed, ALLTEL has found, in analyzing its billing and collection data, a much higher level of customer contact and uncollectibility for non-subscribed services than for local service or 1 + long distance. ALLTEL agrees with SNET that ILECs must be allowed to recover the costs associated with increases in customer contacts associated with non-subscribed services.<sup>11</sup>

One commenting party, PhoneTime, Inc. argues that only the ILEC bill has sufficient credibility with end users to ensure payment.<sup>12</sup> ALLTEL is concerned that the credibility of its bill not be put at risk because of the abuses of some non-subscribed service providers. The economic aspects of this risk are a collateral erosion in ALLTEL's collection of its own revenues and a debasement in the value of ALLTEL's relationship with its customers leading, in turn, to possible depreciation of ALLTEL's trademark.

The higher uncollectibility associated with non-subscribed services causes a disproportionate amount of ALLTEL's treatment efforts and resources to be expended

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<sup>11</sup> SNET Comments at p. 9.

<sup>12</sup> PhoneTime Comments at p. 6.

on amounts billed on behalf of others. While ALLTEL has no plans to discontinue provision of billing and collection services to IXC's overall, ALLTEL must continue to have the right to contractually control and to be compensated for the burden placed on its collection and treatment process by non-subscribed services.

### **CONCLUSION**

No legal or factual basis has been established in MCI's petition or the comments in support of its petition for the Commission to institute the requested rulemaking. Further, as discussed herein, there are valid business reasons why an ILEC may choose not to provide billing and collection services to a carrier or to seek changes in the terms of those contracts. These reasons having nothing to do with whether or not the ILEC performs billing and collection service on behalf of an affiliate. They have to do with the ILEC's business relationship with the customer and the erosion of revenues from abuse of the billing and collection provided by the the ILEC. Accordingly, ALLTEL,



in light of the foregoing, respectfully requests that MCI's petition for the institution of a rulemaking proceeding be denied.

Respectfully submitted,

ALLTEL Telephone Services Corporation

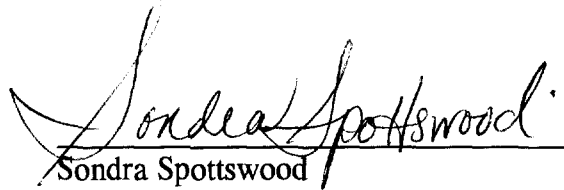
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Dated: August 14, 1997

**CERTIFICATE OF SERVICE**

I, Sondra Spottswood, hereby certify that I have this 14th day of August, 1997, served the foregoing Reply Comments of ALLTEL Telephone Services Corporation either by hand service as indicated or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties as set forth on the attached service list.

  
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